

Message Text

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ACTION EUR-08

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E.O. 11652: GDS
TAGS: ENRG, EEWT, TGEN, UR, US
SUBJECT: SOVIET INTEREST IN ENERGY ISSUES

1. DURING DISCUSSION AT AIRPORT PRIOR TO HIS DEPARTURE
FOR US JULY 5, SOVIET DEPUTY PREMIER AND CHAIRMAN OF STATE
COMMITTEE FOR SCIENCE AND TECHNOLOGY MADE A FEW GUARDED
GENERAL COMMENTS ON OVERALL SOVIET ENERGY SITUATION.
MAKING SPECIFIC REFERENCE TO RECENT CIA STUDY ON OIL,
E/C COUNSELOR MENTIONED PRESIDENT'S STRESS ON ENERGY
IN US AND ASKED IF SAME MIGHT APPLY TO USSR; KIRILLIN
RESPONDED: "WE ALL HAVE AN ENERGY PROBLEM." HE DID NOT
COMMENT ON OIL PRODUCTION OR EXPORTS AND DID NOT INDICATE
ANY EXPECTATIONS THAT SOVIETS WOULD MAKE ANY IMPORTANT NEW
DISCOVERIES OF OIL. KIRILLIN DID VOICE MODERATE OPTIMISM
ABOUT BARENTS SEA PROSPECTS BUT STATED SPECIFICALLY THAT
NO FINDINGS OF OIL HAD YET BEEN MADE; THERE WAS SOME
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LIKELIHOOD OF IT, HE FELT, BASED ON GEOLOGICAL FORECASTING
AND PROXIMITY OF NORTH SEA OIL. HE RULED OUT OIL FROM
KARA SEA AND FROM NORTHEAST SIBERIAN SHELF AS TOO IN-
ACCESSIBLE EVEN IF LOCATED. KIRILLIN ALSO VOLUNTEERED
COMMENT THAT US HAD PLENTY OF COAL, WHEREAS MOST SOVIET
COAL IS TOO FAR DISTANT FROM CONSUMERS TO BE USEFUL
UNDER PRESENT CONDITIONS.

2. OTHER THAN TO MENTION NORTH STAR PROJECT BY NAME, KIRILLIN DID NOT COMMENT ABOUT SUBSTANCE OF HIS PLANNED VISIT TO BROWN AND ROOT IN NEW YORK ON JULY 11. IN SEPARATE CONVERSATION USA DESK OFFICER IN SCST, AYKAZYAN, STATED THAT PURPOSE OF TRIP IS TO DISCUSS NORTH STAR PROJECT, NOT YAKUTSK. IN RESPONSE TO COUNSELOR'S DIRECT QUESTION, AYKAZYAN CLAIMED NOT TO KNOW WHETHER THERE WILL BE FUNDS FOR NORTH STAR PROJECT IN NEXT (11TH) FIVE YEAR PLAN (1981-85). HE TRIED TO LEAVE IMPRESSION THAT FATE OF PROJECT IS UP TO US, THAT THERE ARE A NUMBER OF ATTRACTIVE ALTERNATIVE SUPPLY ROUTES FOR NORTH TYUMEN GAS. AYKAZYAN AND CHIEF OF SCST FOREIGN RELATIONS DEPARTMENT YASTREBOV CONFIRMED THAT WITH REFERENCE TO YAKUTSK THERE REMAINED THE NEED TO PROVE THE RESOURCES OF NATURAL GAS (I.E., THE FIRST TRILLION CUBIC METERS); YASTREBOV COMMENTED THAT IT WOULD BE A FOUR-FIVE BILLION DOLLAR PROJECT (WE HAVE HEARD MORE FROM OTHER SOURCES).

3. ALTHOUGH DEPUTY PREMIER KIRILLIN DID NOT INDICATE ANY SPECIAL INTEREST IN US PARTICIPATION IN DEVELOPMENT OF SOVIET OIL OR GAS, DEPUTY MINISTER OF FOREIGN TRADE VLADIMIR SUSHKOV AT JULY 4 RECEPTION TOLD E/C COUNSELOR OF TENTATIVE PLANS TO VISIT US THIS OCTOBER, APPARENTLY IN FRAMEWORK OF US/USSR TRADE AND ECONOMIC COUNCIL. HE MENTIONED THAT HE WAS DISCUSSING THIS WITH MINISTER OF CONFIDENTIAL

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FOREIGN TRADE PATOLICHEV, WHO WOULD BE IN CANADA AT THAT TIME. SUSHKOV DID NOT MENTION THE SPECIFIC SUBJECT MATTER TO BE DISCUSSED ALTHOUGH HE LEFT IMPLICATION THAT PATOLICHEV COULD BE PERSUADED TO COME ALONG. IN SUBSEQUENT DISCUSSION, RICHARD O'BRIEN, SENIOR VICE PRESIDENT OF TRADE AND ECONOMIC COUNCIL, TOLD COUNSELOR THAT SOVIETS HAVE BEEN HINTING TO HIM THAT PATOLICHEV WOULD LIKE AN INVITATION TO COME TO WASHINGTON TO DISCUSS YAKUTSK PROJECT. O'BRIEN WAS NOT AWARE OF PLANS FOR ANY TRADE AND ECONOMIC COUCCIL SESSION IN US AT THAT TIME. O'BRIEN ALSO SAID THAT THERE SEEMED TO BE RENEWED SOVIET INTEREST IN SELLING OIL TO THE US, A PROJECT WHICH HE HAS BEEN PUSHING TO HELP EVEN LOPSIDED BILATERAL TRADE BALANCE. IN RESPONSE COUNSELOR NOTED THAT PATOLICHEV AND SUSHKOV HAD RECENTLY HAD FULL OPPORTUNITY TO DISCUSS YAKUTSK PROJECT AND OTHER ENERGY PROJECTS AT RECENT SESSION OF JOINT COMMERCIAL COMMISSION, WHERE YAKUTSK HAD BEEN FREQUENTLY MENTIONED BY SOVIET SIDE.

4. COMMENT: IT IS INTERESTING THAT IN THE CONTEXT OF A SPECIFIC REFERENCE TO THE CIA STUDY, DEPUTY PREMIER KIRILLIN WOULD AGREE - RATHER THAN CHALLENGE - THE FACT THAT USSR ALSO HAS AN ENERGY PROBLEM. THIS IS CONSISTENT

WITH REPORTS WE HAVE HAD OF PREMIER KOSYGIN'S STRONG INTEREST IN BARENTS SEA EXPLORATION. PRESUMABLY KIRILLIN WILL HAVE MORE TO SAY SPECIFICALLY ON THIS SUBJECT WHILE HE IS IN THE US. WITH REGARD TO SUSHKOV'S POSSIBLE VISIT TO THE US THIS FALL, PERHAPS IN HIS NEW ROLE AS SOVIET CO-CHAIRMAN OF THE US/USSR TRADE AND ECONOMIC COUNCIL, WE WILL WATCH TO SEE IF THERE ARE FURTHER SIGNS OF SOVIET INTEREST IN THIS SUBJECT OR OF RAISING THE STATUS OF THE PUTATIVE TRIP TO THE PATOLICHEV LEVEL. IF SOVIET INTEREST IS CONCENTRATED ON THE UAKUTSK PROJECT, WE WONDER WHAT WE WOULD HAVE TO SAY TO EITHER PATOLICHEV OR SUSHKOV AS EARLY AS OCTOBER.

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